

# From the desk of CMS

## CMS Supports Adoption of EHR

During the next 7 years, the Centers for Medicare & Medicaid Services (CMS) will be conducting a demonstration project that will encourage 1200 small- to medium-sized primary care physician practices to use electronic health records (EHRs) to improve the quality of patient care. The goal is to revolutionize the way healthcare information is managed to produce better health outcomes and greater patient satisfaction. The demonstration is designed to show that widespread adoption and use of interoperable EHRs will reduce medical errors and improve the quality of care for an estimated 3.6 million consumers.

In June 2008, US Department of Health & Human Services (HHS) Secretary Mike Leavitt named 12 sites that will participate in this project. The project will provide incentive payments to physicians for using certified EHRs. Recruitment of physician practices in the first 4 Phase I sites will begin in the fall of 2008, and the first demonstration year for this phase will begin June 1, 2009. Recruitment for Phase II sites will begin in the fall of 2009, with the first demonstration year beginning June 1, 2010. The sites selected to work with CMS range from county- and state-level to multistate collaborations (Table 1).

### Community Selection

The 12 communities were selected through a competitive process from a field of more than 30 applicants. They demonstrate:

- Active collaboration among stakeholders, including physicians and other healthcare professionals, health plans, employers, government, and consumers
- Existing or planned private sector initiative

related to health information technology (HIT) and quality reporting

- Adequate size to recruit a sufficient number of primary care physician practices

They also demonstrated close ties to the medical community and the ability to work closely with CMS to recruit physician practices to participate in the demonstration. Phase II implementation will begin in 2010.

“Broad adoption of EHRs has the potential to transform health care and the way medicine is practiced in our nation,” said Acting CMS Administrator Kerry Weems. “Medicare has chosen the sites whose proposals will work best for this demonstration project. But other communities can still build on the outstanding work they have done and consider designing and carrying out their own incentive-based projects. In a community where healthcare providers and payers have already achieved significant coordination in applying for the Medicare demonstration, it may be possible to design independent incentive programs even without Medicare’s participation.”

### Year One

Payments in the first year will be based on physicians’ use of a Certification Commission for Healthcare Information Technology (CCHIT)-certified EHR to manage the care of patients. Payments will be determined by a practice’s score on an Office Systems Survey (OSS). This annual survey will track the level of EHR implementation at the practice level and the specific EHR functions used by each participating practice to support the delivery of care. More sophisticated uses of HIT, such as using EHRs to facilitate care management activities or to share a patient’s records among care providers, will result in higher scores on the OSS. Higher scores on the OSS will result in increased incentive payments to participating practices. During the first year, participants may earn a maximum of \$5000 per physician up to \$25,000 per practice. If practices have not implemented a CCHIT-certified EHR by the end of the first year, they will not receive any payments but may continue to participate in the demonstration.

### Year Two

After the second operational year, payments will be made to participating physician practices that

**Table 1. Community Partners for the Electronic Health Records Demonstration Project**

Phase	Location	Defined Communities	Community Partner
1	Louisiana	Statewide	Louisiana Health Care Quality Forum
1	Maryland and Washington, DC	Statewide; district-wide	MedChi and Maryland Health Care Commission
1	Pennsylvania (Pittsburgh area)	Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Somerset, Washington, and Westmoreland Counties	Pittsburgh Regional Health Initiative
1	South Dakota and selected counties in bordering states	<b>South Dakota:</b> Statewide <b>Minnesota:</b> Big Stone, Clay, Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine counties <b>Iowa:</b> Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, and Sioux counties <b>North Dakota:</b> Dickey county	South Dakota Department of Health / SD E-Health Collaborative
2	Alabama	Statewide	Alabama Medicaid Agency
2	Delaware	Statewide	Delaware Health Information Network
2	Florida (Jacksonville area)	Baker, Clay, Duval, Nassau, Putnam and St. Johns counties	Duval County Health Department
2	Georgia	Statewide	Georgia Department of Community Health
2	Maine	Statewide	Maine Chartered Value Exchange Alliance
2	Oklahoma	Statewide	Oklahoma State Department of Health
2	Virginia	Statewide	MedVirginia, LLC
2	Wisconsin (selected areas)	Statewide (except the following counties: Ashland, Barron, Chippewa, Clark, Eau Claire, Lincoln, Marathon, Oneida, Portage, Price, and Rusk)	Wisconsin Medical Society

are using CCHIT-certified EHRs and reporting clinical quality measures. Again, additional payments will be based on how the practice has used EHR functionalities to change and improve the way it operates. Practices that have not yet implemented a certified EHR or do not meet minimum functional use requirements by the end of the second year will be terminated from the demonstration. Payments in this year may reach a maximum of \$8000 per physician up to \$40,000 per practice.

### Years Three to Five

Starting in year 3 and for each of these years (3, 4, and 5), payments will be based on actual performance on the clinical quality measures, rather than just re-

porting. An added payment will continue to be offered each year based on EHR functionalities used by the practice. Payments may total up to \$15,000 per physician (up to \$75,000 per practice) during each of these 3 years. Total payments under the demonstration may be up to \$58,000 per physician (up to \$290,000 per practice) over 5 years.

To learn more about the EHRs demonstration project, please visit: [http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008\\_Electronic\\_Health\\_Records\\_Demonstration.pdf](http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf). If you practice in any of these locations and are interested in participating in the demonstration or have other questions, please send an e-mail to [EHR\\_demo@cms.hhs.gov](mailto:EHR_demo@cms.hhs.gov).

**MPM**